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OF COUNSEL
URBAN A. LESTER

May 6, 2002

Julia Farr, Esq.
Office of Proceedings
Surface Transportation Board
Washington, D.C. 20423

23972-A
RECORDED
MAY 6 '02 12-04 PM
SURFACE TRANSPORTATION BOARD

Dear Ms. Farr:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Commercial Security Agreement, dated April 29, 2002, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Lease which is being filed with the Board under Recordation Number _____.

The names and addresses of the parties to the enclosed document are:

Secured Party: First Mid- Illinois Bank and Trust, NA
12616 State Route 143
Highland, Illinois 62249

Debtor: Midwest Railcar Corporation
9876 213th Avenue NW
Elk River, Minnesota 55330

A description of the railroad equipment covered by the enclosed document is:

Thirty-five (35) boxcars: MWCX 550000 - MWCX 550034.

Julia Farr, Esq.
May 6, 2002
Page 2

A short summary of the document to appear in the index is:

Memorandum of Commercial Security Agreement.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Alvord", with a horizontal line extending from the end of the signature.

Robert W. Alvord

RWA/anm
Enclosures

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

dated April 29, 2002

by and between

**MIDWEST RAILCAR CORPORATION,
as Debtor**

and

**FIRST MID-ILLINOIS BANK AND TRUST, NA
as Secured Party**

RECORDATION NO.

23972-A

FILED

MAY 6 - '02

12-04 PM

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

THIS MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT (this "Memorandum") is made this 29th day of April, 2002, by and between MIDWEST RAILCAR CORPORATION, an Illinois corporation ("Borrower"), and FIRST MID-ILLINOIS BANK AND TRUST, NA, a state-chartered Federal Reserve Member bank organized under the laws of the State of Illinois ("Bank").

A. The Borrower and the Bank are parties to that certain Loan Agreement ("Agreement") dated April 12th, 2002 pursuant to which the Bank agreed to make to the Borrower the loan described in the Agreement.

B. To secure the Borrower's Obligations (as defined in the Agreement) to the Bank, the Borrower executed and delivered to the Bank a Commercial Security Agreement dated April 29th, 2002 pursuant to which the Borrower granted to the Bank a continuing, first priority security interest in and to, and lien on, the following collateral:

(a) Thirty-five (35) boxcars described on Exhibit A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;

(b) all improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;

(c) all logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;

(d) all rights, claims and causes of action, if any, which the Borrower may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof;

(e) any agreement now or hereafter entered into for leasing the Railcars to any third party, including, without limitation, Rider 1 dated February 22, 2002 between the Borrower and Penny-Newman Grain Co., and the right to receive all payments and other sums due and to become due from time to time thereunder, to receive all notices and give consents, to exercise any election or option, to declare defaults and to demand payment of any sum due in connection therewith;

(f) all rent, damages and other moneys from time to time payable to or receivable by the Borrower in respect of the Railcars;

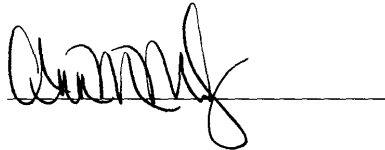
(g) all proceeds (cash and non-cash), including insurance proceeds, settlement proceeds and condemnation awards thereof.

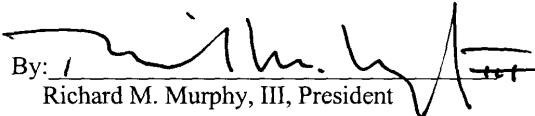
[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:

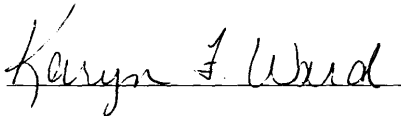
MIDWEST RAILCAR CORPORATION



By: 
Richard M. Murphy, III, President

WITNESS:

FIRST MID-ILLINOIS BANK AND TRUST, NA



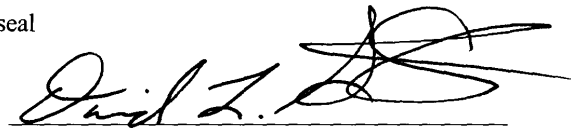
By: 

STATE OF MINNESOTA, County OF Sherburne

On this 26 day of April, 2002, before me, a Notary Public of the City and State aforesaid, personally appeared Richard M. Murphy, III, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, an Illinois corporation, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

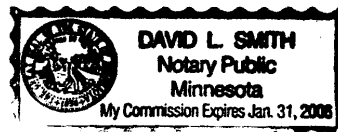
AS WITNESS my hand and notarial seal

(Seal)


Notary Public

My commission expires:

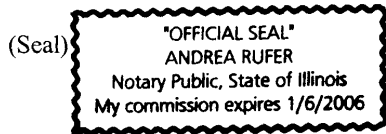
1-31-06



STATE OF ILLINOIS, County of Madison

On this 29 day of April, 2002, before me, a Notary Public of the City and State aforesaid, personally appeared Gordon D. Smith, to me personally known, who being by me duly sworn, says that he is a Community President of FIRST MID-ILLINOIS BANK AND TRUST, NA, that the seal affixed to the foregoing instrument is the seal of First Mid-Illinois Bank and Trust, NA, that said instrument was signed and sealed on behalf of First Mid-Illinois Bank and Trust, NA by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of First Mid-Illinois Bank and Trust, NA.

AS WITNESS my hand and notarial seal



Andrea Ruffer
Notary Public

My commission expires:

1-6-2006

EXHIBIT A

DESCRIPTION OF RAILCARS

Thirty-Five (35) 50ft. 70-ton Plate "C" Boxcars built by Berwirck in 1981, bearing the following car marks and numbers:

| <u>OLD MARKS & NUMBERS</u> | <u>NEW MARKS & NUMBERS</u> |
|--------------------------------|--------------------------------|
| 1. MEC 35160 | MWCX 550000 |
| 2. MEC 35166 | MWCX 550001 |
| 3. MEC 35162 | MWCX 550002 |
| 4. MEC 35095 | MWCX 550003 |
| 5. MEC 35159 | MWCX 550004 |
| 6. MEC 35101 | MWCX 550005 |
| 7. MEC 35091 | MWCX 550006 |
| 8. MEC 35151 | MWCX 550007 |
| 9. MEC 35099 | MWCX 550008 |
| 10. MEC 35016 | MWCX 550009 |
| 11. MEC 35121 | MWCX 550010 |
| 12. MEC 35082 | MWCX 550011 |
| 13. MEC 35132 | MWCX 550012 |
| 14. MEC 35197 | MWCX 550013 |
| 15. MEC 35105 | MWCX 550014 |
| 16. MEC 35180 | MWCX 550015 |
| 17. MEC 35014 | MWCX 550016 |
| 18. MEC 35066 | MWCX 550017 |
| 19. MEC 35167 | MWCX 550018 |
| 20. MEC 35112 | MWCX 550019 |
| 21. MEC 35007 | MWCX 550020 |
| 22. MEC 35113 | MWCX 550021 |
| 23. MEC 35069 | MWCX 550022 |
| 24. MEC 35031 | MWCX 550023 |
| 25. MEC 35012 | MWCX 550024 |
| 26. MEC 35100 | MWCX 550025 |
| 27. MEC 35039 | MWCX 550026 |
| 28. MEC 35183 | MWCX 550027 |
| 29. MEC 35120 | MWCX 550028 |
| 30. MEC 35150 | MWCX 550029 |
| 31. MEC 35181 | MWCX 550030 |
| 32. MEC 35060 | MWCX 550031 |
| 33. MEC 35065 | MWCX 550032 |
| 34. MEC 35172 | MWCX 550033 |
| 35. MEC 35189 | MWCX 550034 |